

To: Interested Parties

From: Corey Cantor, Economic Policy Analyst

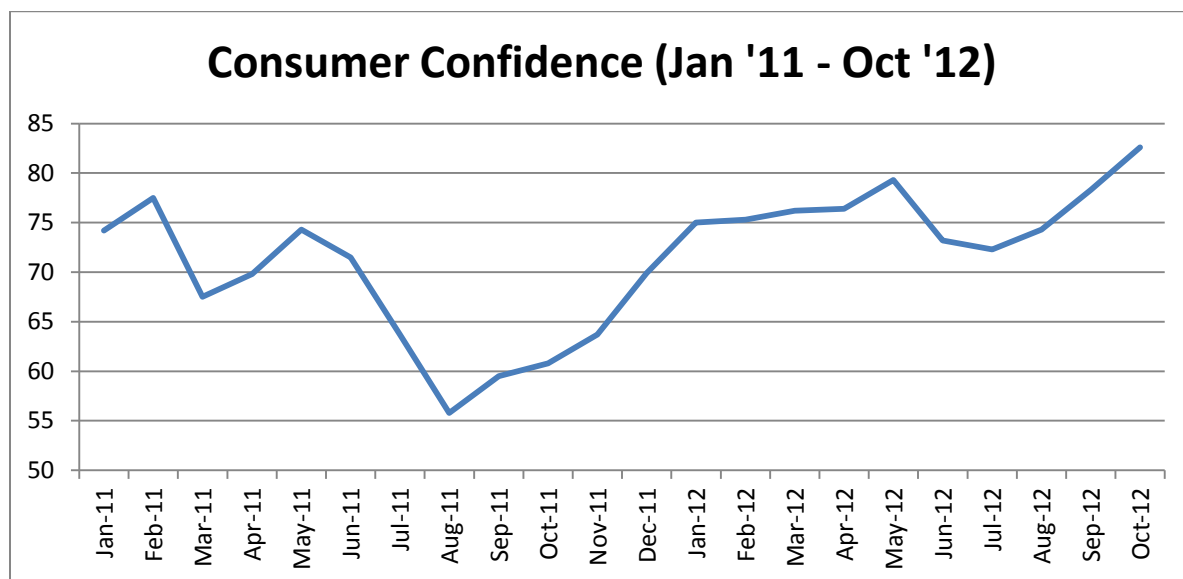
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Re: GOP Playing Risky Games with the Debt Ceiling

Fresh off the funding battle over the Department of Homeland Security, GOP Representative Charlie Dent [noted](#) to *the New York Times*: “We really don’t have 218 votes to determine a bathroom break over here on our side. So how are we going to get 218 votes on transportation, or trade, or whatever the issue? We might as well face the political reality of our circumstances and then act accordingly.”

The issue is that there are certain funding that Congress must vote on—and nowhere is that more apparent than with the return of the debt ceiling. On March 16th, [according](#) to the Treasury Department, the U.S. reached the limit for the amount of funds it is allowed to spend. As with previous debt ceiling debates, Treasury is able to draw out the period of time before actually defaulting on the national debt through using accounting maneuvers and other extraordinary means. But ultimately, Congress will have to raise the debt ceiling—or risk a default on the debt that will greatly impact the interest rate the US pays on the national debt and harm the full-faith and credit of the United States.

Following the 2014 election, Senate Majority Leader McConnell promised an end to governing-by-crisis. And despite the theatrics around the Department of Homeland Security, there was no shutdown and the Senate handled the dispute with relatively few fireworks. The problem with the debt ceiling is that even approaching it becomes dangerous. In 2011, despite not defaulting on the national debt, consumer confidence dove dramatically as businesses and Americans anticipated disaster. The debt ceiling was first hit in May—and the crisis peaked in August. It would take 6 months to return to neutral ground, and longer to steady growth in confidence.



Since then, Congress has submitted the U.S. economy to additional funding stand-offs: the fiscal cliff on taxes following President Obama's re-election, a second debt ceiling fight in early 2013, the government shutdown over the ACA in 2014, and the standoff over the Department of Homeland Security. As the *Times* [notes](#), this spring will bring additional conflict over the expirations of the Highway Trust Fund, the Export-Import Bank, and the return of the Sequester—alongside the [disagreements](#) that are already occurring in Congress between fiscal conservatives and defense hawks in the 2015 FY budget.

Senator McConnell has argued that the process itself will play out over the next couple of months, but what Dent's quote highlights is the difficulty, particularly in the House to pass any legislation regardless of necessity. Congressional Leaders should return to their previous tactics for using the debt ceiling as a bargaining chip as the risk is way too great. Unfortunately, the last few months have only shown that the [contrast](#) between how the Democrats and Republicans run government exists not only in the Presidency in Congress as well—the lack of focus on jobs growth, sound fiscal policy, and governing by crisis all impacts how well Americans perceive the economy as well as the political system.

At a time when Americans are “[turning a page](#)” on the U.S. economy, there is no need to return to a dangerous round of governing by crisis.